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Contractors push inflation button in operating engineers pay dispute

has pushed costs up a year ago, the physical volume of work going to bid this year (other than homebuilding) trails 1969 by about 6%.

Capital costs are the highest in several generations, responding to 1970's sharp rise in borrowing for construction including some projects awarded prior to 1970. State and municipal bond sales for construction soared 46% over 1969's first half, corporate security sales 73%. Because the financing calendar is heavy, long-term borrowing costs aren't about to falter.

The stock market's fall to its lowest in seven years hurts institutional construction by shrinking private college and hospital endowment funds.

Multi-unit housing. Private multi-unit housing's gain reflects private apartments' sluggish year-ago volume. But financing costs are high and funds are scarce, so the overdue sharp rebound in this market is several months off.

The Building Contractors Association (BCA) of New Jersey last week asked the President's Council of Economic Advisers and the Construction Industry Collective Bargaining Commission for help in its attempt to avoid an inflationary wage settlement with Local 825 of the International Union of Operating Engineers. The dispute is considered a dramatic example of the construction wage inflation problem.

The union, now on an eight-hour day, has demanded a six-hour day with no loss in pay, plus new and costly travel time and manning provisions. The changes the union wants would give operating engineers \$120.74 a day or \$603.70 for a five-day week, the BCA says. When the side effects of such an

agreement are compounded, contractors would be billing owners \$18 to \$20 an hour for the service of an operating engineer, it explains. Operators in the union's major classes are now earning \$336.40 a week for straight time pay and fringe benefits.

This is the fourth time in the past weeks that the Administration has received an SOS from the construction industry. Last month, eight national contractor associations in the Construction Employers asked the Federal Reserve for controls with a rollback in wages to Jan. 1, 1970, levels; the National Association of Home Builders requested Presidential help short of wage controls; and the Builders' Association of Chicago asked the White House to issue an inflation alert for construction (ENR 7/2 p.10). As of last week, no substantive response had been received to any of these requests other than a Federal Reserve commission request for intensive mediation of the New Jersey dispute.

Out in left field. Negotiations with Local 825, a powerful union with wide jurisdiction, have been unproductive for several months with three BCA (an Associated General Contractors' building chapter), the Associated General Contractors of New Jersey (a heavy and highway chapter) and the Structural Steel and Cast Iron Association. Three years ago, these three groups had been in Local 825 negotiations that were inconclusive, producing a guaranteed annual wage proposal from the union. Secretary of Labor and the New Jersey Commissioner of Labor and Industry (ENR 9/8/66 p.17).

As in the last go-around, the negotiations had little coordination and last week the New Jersey made the first settlement, a 5% increase that will, for example, raise crane operators \$1.95 more over the next three years. That does not change the eight-hour day.

Faced with this situation, BCA had earlier filed unfair labor charges, bargaining in good faith, charged the union, persuaded Local 825 to continue to negotiate and to postpone July 8 strike action it could have taken. Meanwhile, BCA was that Washington interest in the situation might somehow produce a break in the stalemate.

Cost of FBI building soars 70%

Rising more slowly than its cost, the federal government's most expensive office building is taking shape on a block-square site along Washington's Pennsylvania Avenue.

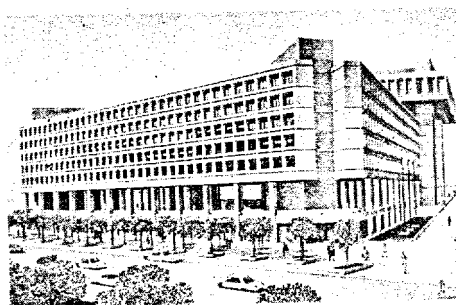
Cost of the new home of the Federal Bureau of Investigation will be \$102 million when completed four years from now, about \$8 million more than the Rayburn House Office Building finished in 1966 and \$42 million more than estimated in 1962.

Inflation accounts for much of the 70% increase over the original figure, the General Services Administration (GSA) says. GSA officials add, however, that a decision to make the building "something more than another box-like federal office," also boosted cost.

One GSA official says, "The original estimates were for a normal, routine box building, which we now feel would have done very little to inspire Pennsylvania Avenue as a major thoroughfare."

The Fine Arts Commission and the Temporary Commission on Pennsylvania Avenue selected C.F. Murphy Associates, Chicago architects, to design the building.

The design calls for a reinforced concrete building eight stories high along the 520-ft. frontage on Pennsylvania Avenue and 11 stories high in the rear. Interior walls of the 2.5-million-sq-ft building will be precast concrete.



Most costly of federal office buildings.

There will be a wide setback from the street and a court near the building's center.

Facilities will include general office space, national laboratories, record and fingerprint archives, training sites and parking for 750 cars.

After recent riots at the present FBI headquarters, security provisions added to the new design boosted cost as did provisions for showing tourists through the building without disrupting everyday FBI work.

Norair Engineering Corp., Washington, D.C., holds the \$10.9-million contract for excavation, foundations and the two lowest of four basement levels. A \$4.7-million contract went to Blake Construction Co., Inc., Washington, D.C., last week for the other two basement levels.

The largest contract, worth an estimated \$50 million for the main structure, is still to be let. The GSA may award it next summer.

60 million
to
12 million